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SIPDIS

USAID FOR DCHA, FFP
USDA FOR DOUVELIS
STATE FOR IO/HS FOR TUMINARO, RUSSELL AND IO/MPR
TREASURY FOR LIZA MORRIS, PRIYA GANDHI

E.O. 12958: N/A

TAGS: [WFP](#) [FAO](#) [PREL](#) [UN](#) [EAID](#) [EAGR](#)

SUBJECT: 131ST SESSION OF THE FAO FINANCE COMMITTEE - WFP MATTERS

¶1. On February 1, the 131st session of the FAO Finance Committee, of which the U.S. is a member, discussed a number of budgetary and financial matters of the World Food Program which will be presented to the First Session of the WFP Executive Board February 8 through 11. The Committee discussed six documents: Selection and Appointment of the WFP External Auditor, Revised Fee for the External Auditor for the Biennium 2008-2009, Report of the External Auditor on the Strategic Planning and Reporting at a WFP Country Office - Uganda and Management Responses, Report on the External Auditor on the IPSAS Dividend: Strengthening Financial Management and Responses of the Secretariat, Update on the WFP Biennial Management Plan (2010-2011) and Final Update on the WINGS II Project. The Committee postponed review of the Update on the Financial Framework Review: Program Categories due to the paper's late submission by WFP. [Note: Underlying the discussion, however, was the concern expressed by the U.S. and Australia that this specific document did not fall under the purview of the Finance Committee because the subject matter related to definition of emergency and recovery rather than financial issues.]

¶2. On Appointment of the External Auditor, the WFP Secretariat explained that the delay in the appointment process for WFP's new external auditor (to commence term July 2010) was due to more extensive participation in the process by the WFP Audit Committee under their new terms of reference. A recommendation for a new external auditor would be ready for the Committee at their April 2010 meeting. The U.S. questioned whether there would be sufficient time between the selection of the next External Auditor at the Annual Session of the Executive Board in June 2010 and the appointment of the External Auditor on July 1 to ensure appropriate handover. The President of the Executive Board responded that the current External Auditor had been ensured that the new timeline would be sufficient for an appropriate handover. The Committee also discussed the revised fee for the current WFP external auditor which resulted from additional work required with implementation of International Public Sector Accounting Standards (IPSAS) in 2008 and the rollout of WFP's new enterprise resource planning (ERM) system WFP Information Network and Global System (WINGS II) and 2009. The WFP Secretariat informed that future contracts with audit bodies would include price ceilings which could not be exceeded without explicit approval in advance from the Executive Board.

¶3. On the external auditor's report on strategic planning and reporting at a WFP country office - Uganda and Management

Response, the Committee recommended that WFP thoroughly discuss with the Executive Board the audit recommendation that the WFP Executive Board review and approve country strategies in lieu of country programs. [Note: It is our understanding that the move to Board review of country strategies only emanated from discussions of the UN Secretariat. USUN Rome will monitor the discussion via USUN New York to determine implications for Rome governing bodies.] On the report on the external auditor on the IPSAS dividend, strengthening financial management and response of the secretariat, the Committee noted the absence of the external auditor during the Committee's discussion and recommended that the external auditor participate in any future meetings in which the auditor's work is being considered. The Committee also welcomed WFP's acceptance of all audit recommendations, including more frequent review and analysis by WFP senior management of financial information and metrics.

¶4. During discussion on the Update on the WFP Biennial Management Plan (2010-2011) which outlines increases in WFP's Program of Work for 2010 of USD 595 million, the Committee learned that WFP now has plans to update the Haiti requirements to USD 800 million. The Committee looked forward to reviewing the forthcoming report on a lessons-learned exercise on WFP's hedging strategy planned for June 2010. On the final WINGS II report, the Committee learned that following the ERM system rollout in 2009, an assessment of the project's value and benefits will be carried out by the Performance and Accountability Management Division and will be aligned to the annual performance reporting cycle for 2010. In the future, reporting on WINGS II will be incorporated into other WFP reports to keep the Board informed.

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¶5. The Committee is tentatively scheduled hold its 132nd session from April 12 to 16 in Rome. To view the complete report on the 131st session, see <http://one.wfp.org/eb/docs/2010/wfp212924~1.p df>.
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